

of the success of their system of note issues in providing a sufficient, elastic, and secure currency.

Having- made this distinction, it may be admitted that the Canadian banking system is capable of improvement in the direction of official supervision. While discount banking is essentially a private business, it is usually done by corporations holding special privileges by authority of the state, and the subdivision of modern industries justifies the citizen in asking that the state exercise the power of visitation and supervision over such corporations, when they deal intimately with the public, which he cannot conveniently exercise for himself. The weakest spot in the Scotch and Canadian banking systems has been the absence of this supervision, and, defective as government supervision often is, it would probably have prevented some of the great losses. which have come to shareholders in those countries. The proposal of government supervision in Canada has been several times brought before Parliament, but has always been resisted upon the grounds that public auditors or inspectors could not ascertain accurately the real character of banking assets, and that the fact of government inspection would mislead the public into a confidence which might prove to be misplaced. The project of inspection was renewed by Mr. Foster in 1890, but the auditors whom he proposed were to be appointed by the shareholders at their annual meeting. The same objections which had been made on previous occasions were renewed and the project of a formal audit was again abandoned.

The larger Canadian banks are not, however, without a system of supervision of their own, which ought to be more efficient than that of government officers when there is no collusion between the inspector and general manager. Such collusion is not likely to be a frequent occurrence, because the chief inspector is required by his duties to be a man of independent judgment, of banking experience and reputation, and to receive a large salary. It is his duty to make tours of the branches, annually or oftener, for the purpose of examining the character of the discounts granted and the